

December 20, 2017

ABcann Global Corp (TSX.V: ABCN)

Healthcare | Biotech – Cannabis

- ABCN announced earlier this month that it entered a LOI to acquire all outstanding shares of Harvest Medicine Inc. -- a leading medical cannabis clinic that has educated and serviced over 8,500 active patients since inception.
- ABCN's expansion of its Vanluven facility -- to 30,000 sq ft -- is on track to be completed by mid-2018.
- For the 9 months ended September 30th, ABCN advanced revenues 191% compared to the same period yoy and raise its cash on hand to \$43mn.

COMPANY DESCRIPTION

ABcann Global was one of the first companies to obtain a production license under the Marijuana for Medical Purposes Regulations. Situated in Napanee, Ont., its flagship facility contains proprietary plant-growing technology, combining the concepts, systems and components to produce high yielding plants.

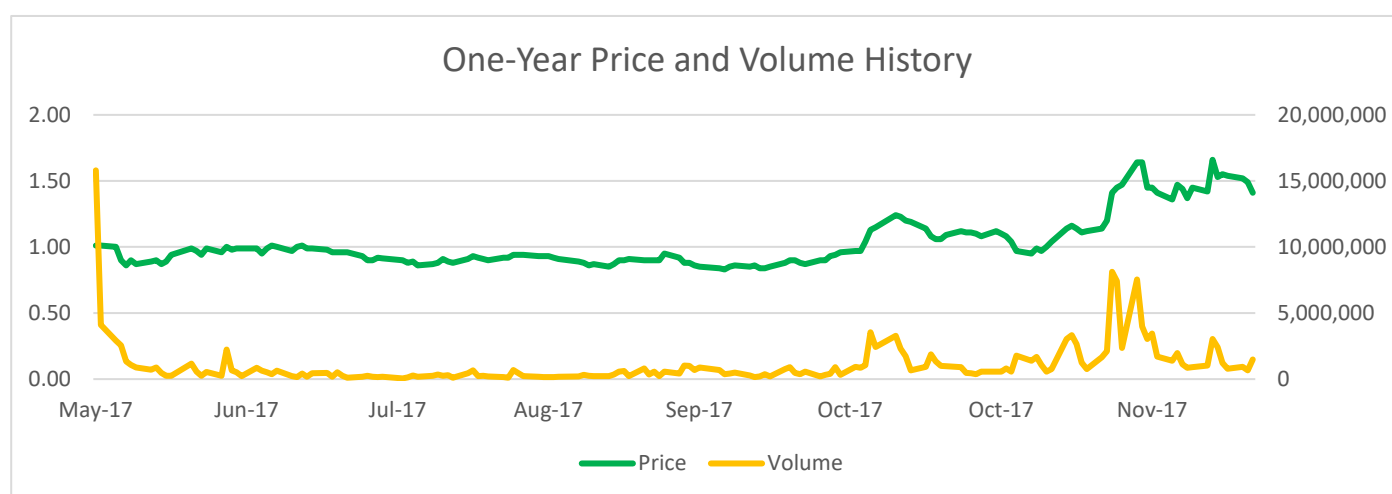
COMPANY DATA

52-Week Range (\$)	0.80 – 1.81
Shares Outstanding (mn)	135.7
Market Cap (\$mn)	192.7
3-Mo. Average Volume (mn)	1.7
Total Cash (\$mn)	43.4
Total Debt (\$mn)	14.7

KEY FINANCIALS (in \$ millions)

	FY14A	FY15A	FY16A
Revenue	0	0	0
EBIT	(30)	(84)	(88)
EBITDA	(30)	(84)	(88)
Net Income	(30)	(84)	(87)
CFF	0	215	0

SHARE PRICE PERFORMANCE



ABCN Overview

ABCann Global ("ABCN") is a globally licensed, cost-efficient producer of premium quality organic standardized medicinal cannabis that is grown using proprietary advanced techniques tailored to optimize quality and consistency. ABCN utilizes high-tech growing -- underpinned by environmental variables control -- to develop a diverse product line. The company currently own and operates a 14,500 sq ft facility in Napanee, Ontario and owns 65 acres of properly-zoned real estate and infrastructure to support construction of another production facility up to 1mn sq ft.

ABCN has 3 core focuses:

- achieve competitive margins by leveraging its tech-based operational model
- prioritizing the recruitment and retention of top talent to drive execution
- providing a differentiated customer experience to build a strong patient base

Potentially Accretive Acquisition in Leading Medical Cannabis Clinic

ABCN announced earlier this month that it entered a LOI to acquire all outstanding shares of Harvest Medicine Inc. ("HMED") -- a leading medical cannabis clinic that has educated and serviced over 8,500 active patients since inception. HMED has been one of Canada's fastest growing cannabis clinics, proliferating at a clip of ~1,200 monthly new patients at its single location. Expansion is in the plans, with the initial expansion location slated for Edmonton in spring 2018. To assist in the expansion finance process, ABCN has committed to investing \$1.5mn.

Under the terms of the LOI, ABCN will issue 1,056,338 shares that aggregate to \$1.5mn -- at a \$1.42 per share value -- and the equivalent cash amount will be paid to HMED, less amounts needed to settle outstanding HMED liabilities. Future consideration may be remunerated post-closing based on certain patient, revenue and profitability milestones.

Update on Vanluven Facility and Germany Expansion

ABCN's expansion of its Vanluven facility -- to 30,000 sq ft -- is on track to be completed by mid-2018. Management plans to build or acquire over 15 tons of incremental capacity per year, and is reviewing strategic options in this pursuit that will chiefly be financed with its \$43mn cash on hand. The expansion is primarily to help the company grow its medicinal operations and address the recreational market in 2018.

ABCN is strategically focusing on gaining a foothold in the burgeoning German cannabis industry, as management views the country as a gateway into other European markets. ABCN applied for a license in Germany's domestic cultivation program, but did not qualify due to lower income levels compared to

applicant counterparts. Management plans to re-apply in the expected 2018 tender round. Additionally, ABCN is working toward completing a 6-month stability test and fulfilling requirements of its Vanluven facility to obtain a German distribution/import license.

Key Takeaways from 3Q 2017 Results & Recent Announcements

For the 9 months ended September 30th, ABCN advanced revenues 191% compared to the same period yoy. Its cash position increased to \$43mn while 15mn dilutive warrants were cancelled as a result of the \$15mn cash infusion from Cannabis Wheaton Income Corp and the exercise of warrants leading to \$7.5mn in proceeds. Also, debentures aggregating to \$5.3mn were converted to equity.

ABCN announced on November 27, 2017 that it entered a binding interim agreement for a \$30mn private placement of convertible senior unsecured debentures. The completion is subject to various conditions being met:

- definitive agreement execution
- approval receipt from TSX Venture Exchange
- conversion of \$15mn in secured convertible debentures

JGR CAPITAL INFORMATION

[845 Third Avenue Fl 6, New York, NY 10022](#)

research@jgrcap.com

[646.688.3131](tel:646.688.3131)

DISCLOSURE

This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the “Risk Factors” section in the SEC filings available in electronic format through SEC Edgar filings at www.SEC.gov.

The research analysts principally responsible for this research preparation do not receive compensation that is based upon any specific investment banking services or recommendations and can be compensated based on factors relating to the overall profitability of JGR Capital (“firm”). As of the date of research distribution, neither the firm nor the principal research analysts beneficially own 1% or more of any class of common equity securities for this issuer (including, without limitation, any option, right, warrant, future, long or short position).

The securities of the issuer(s) discussed in this research may be unsuitable for investors depending on their specific investment objectives and financial position. Past performance is no guarantee of future results. This research does not constitute a personal trading recommendation or take into account the particular investment objectives, financial situation or needs of an individual reader of this report, and does not provide all of the pertinent information to make an investment decision.

JGR Capital does not provide investment banking services nor has it received compensation for investment banking services from the issuers covered in this research content. The firm does not make a market in the issuer’s securities. It has received compensation from the issuer for providing non-investment banking services to this issuer. The non-investment banking services provided to the issuer includes investor relations’ advisory and services, production of this research content, comprehensive reporting analytics, and financial analysis. The fees for these services vary on a per-client basis and are subject to the amount and category of provided services. Firm analysts and members of the research production team are prohibited from holding or trading securities in the issuer.

Additional information is available upon request. JGR Capital’s research contents are based on data obtained from sources that it believes to be reliable and does not purport to be a complete statement of all material factors. This report is for informational purposes and is not a solicitation of orders to purchase or sell securities. No part of this material may be copied, photocopied or duplicated in any form or by any means, or redistributed without prior written consent from JGR Capital. All rights reserved.